

March 15, 2014

Marion County Extension and 4-H Service District
Economic - Community Development
Feasibility Statement

Prepared for the Marion County Board of County Commissioners
March 15, 2014

By Citizens for Marion County Extension
with input from Derek Godwin, OSU Extension Service Regional Administrator

Preface

This document declares the Marion County Board of County Commissioners' (BCC) desire to pursue the formation of a county agriculture education service district pursuant to ORS 451 (the "Extension District") to support the education, outreach and applied research programs of the Oregon State University Extension Service in Marion County. The Extension District formation process will seek resolutions of support from each of the county's twenty incorporated cities that allow territory within their boundaries to be included within the proposed boundaries of the Extension District. The city resolution approval process will have to be completed and submitted to the BCC prior to filing this document in preparation for the election.

This document presents an economic feasibility statement for the proposed Extension District as required by state statute (ORS 198.749) for the Board of Marion County Commissioners' consideration. This statement forms the basis for the proposed permanent rate limit for operating taxes required by ORS 198.750 (1) (g) and includes three main sections:

1. A description of the services and functions to be performed or provided by the proposed district;
2. An analysis of the relationships between these services and functions and other existing or needed government services; and
3. A proposed first year line item operating budget and a projected third year line item operating budget for the new district that demonstrates its economic feasibility.

(1) Description of Services and Functions to be Performed or Provided by the Proposed District

Background and Situation

Marion County is Top Agriculture County

Marion County is comprised of approximately 2,700 farms, encompassing 300,000 acres of land or about 40 percent of the county, that are operated by individuals, families, partnerships and corporations and produce more than 70 different commodities. Marion County has the highest value of agricultural production of any county in Oregon, with estimated gross sales of all commodities of \$639 million in 2012.

Marion County grows many crops that are number one, two, or in the top five in the nation, such as nursery crops, grass seed, black berries, Christmas trees, specialty seeds, beans, hops, mint, cherries and wine grapes. Agriculture, food processing, the food and beverage industry, and other related industries are important to our county and state's economy with nearly 1 of every 8 jobs in Oregon relying on agriculture.

OSU Extension educators are needed in Marion County to work side-by-side with urban and rural residents, farmers, and others to offer research-proven, objective information that helps solve problems, promote leadership, and manage resources wisely.

OSU Extension began in 1911, First agent was in Marion County

Since the Extension Service began in Oregon in 1911 and the first Extension agent was placed in Marion County in 1912, the Extension Service has served residents of Marion County to provide university, research-based information to address local issues, problems and needs. During this time, Extension has helped farmers and forest owners improve the productivity and profitability of their lands, provided practical life skills to youth while preparing them to be contributing members of their communities, assisted families with important educational needs from food safety, nutrition and healthy lifestyles to financial management and aging issues, and advised individuals and organizations how to address critical environmental quality concerns facing both rural and urban lands and residents.

Federal, state and county funding sources are required by Congressional Act for Extension's presence in local areas. Marion County government currently provides support to the Extension Service in the form of office space in Salem, office utilities and maintenance costs, clerical and program support staff, faculty education program and research budgets, technology and communication needs, use of county buildings for education events and property for a demonstration garden, and financial support for agriculture faculty serving Marion County out of the North Willamette Research and Extension Center (NWREC) in Aurora.

State and Federal Funding Reduces 33% of Extension Serving Marion County

Funding reductions in state and federal sources over the last 10 years have caused OSU Extension to lose 20-25% of its faculty, about 63.5 full time equivalent (FTE) positions,

March 15, 2014

across the state. These reductions resulted in 14 Extension faculty positions, approximately 6.6 FTE, that served Marion County communities and businesses being lost in 14 years, which is a 33% reduction (Table 1.) In addition, several Extension specialist positions located on campus were lost which support county efforts. Positions lost provided education in 4-H and family community health; dairy, livestock and poultry management; berry, field and vegetable and other horticulture crops; nursery and greenhouse products; pest control and disease management; tree fruits and nuts; farm business management; forest management and water and watersheds.

Table 1. State and federal funded OSU Extension agent positions serving Marion County that were lost since 1999.

Extension agent positions	Home office location	Approx. FTE for Marion
4-H Youth	Marion	1
Family and Community Health	Marion	0.5
Dairy Management	Marion	0.6
Farm Business Management	Marion	0.2
Field Crops	Marion	0.8
Vegetable Crops	Marion	0.6
Water and Watersheds	Marion	0.2
Berry Crops	NWREC	0.6
Nursery and Greenhouse	NWREC	0.6
Integrated Pest Management	NWREC	0.4
Horticulture	NWREC	0.4
Orchard Crops	Washington	0.2
Livestock	Linn	0.3
Forest Management	Clackamas	0.2
	Total	6.6

14 positions lost; Loss to Marion is approximately 6.6 FTE, or about \$660,000

The level of annual county government budget support for Extension in Marion County has been relatively constant over the past 10 years, ranging from approximately \$312,777 to \$367,187 plus in-kind services (Table 2.) Steady declines in state and federal funding for county services — coupled with needs to fund mandated or earmarked services in the county—have provided government officials with less flexibility to fund non-mandated services like Extension to make up for these reduced services, especially in rural communities of the county. See Table 2 and Figure 1.

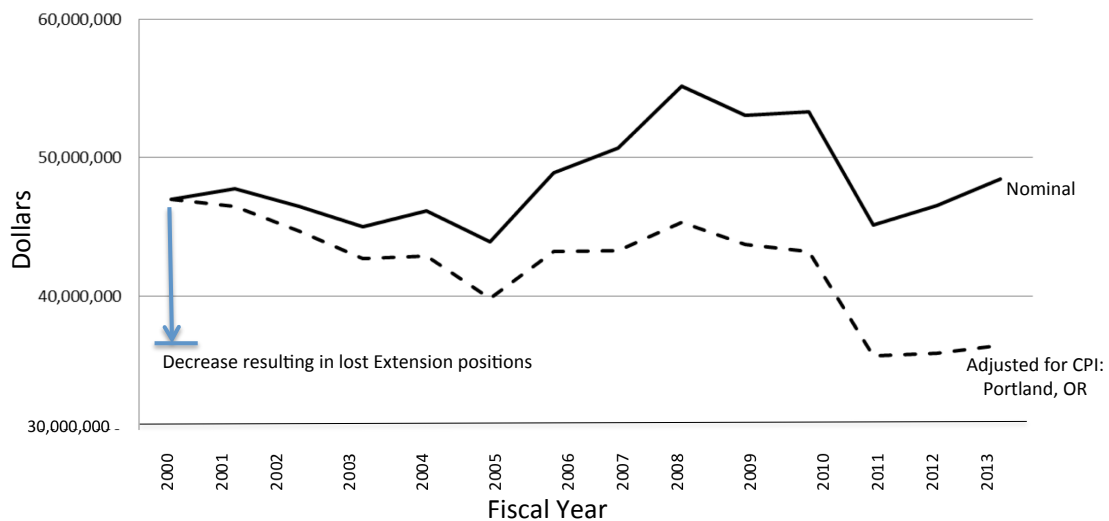
Table 2. Marion County funding for Extension since Fiscal Year 2003-2004.

Marion County funding for OSU Extension

Fiscal year	Amount
2004	\$312,777
2005	\$314,958
2006	\$346,403
2007	\$346,403
2008	\$367,187
2009	\$367,187
2010	\$348,828
2011	\$348,828
2012	\$348,828
2013	\$348,828
2014	\$348,828

Note: Rent, utilities, meeting rooms, demo kitchen, storage, and demo garden space have been provided as in-kind services.

Figure 1. Annual state funding allocations for OSU Statewide Services (Extension, Agriculture Experiment Station and Forest Research Lab.)



Extension in Marion County as it is Today

OSU Extension Service is part of the Marion County Community Services Department.

Extension programs reach citizens of Marion County in several key elements of the County's **Goal 4, Economic Development**, and **Goal 6, Health and Community Services**.

Extension efforts could also be considered prevention programs related to Goal 3.

Specific areas of focus and related services would include the following:

1. **Agriculture and Natural Resources** – Provide education and applied research in support of agriculture and natural resource-based enterprises and related workforce development.
2. **4-H Youth Development** – Help young people develop life skills through experiential learning in science and technology, healthy living, civic engagement, and leadership to promote mastery, belonging, independence and generosity.
3. **Forestry and Natural Resources** – Engage family forest landowners, forest workforce, community groups and others to understand and improve sustainable woodland management practices to better meet their objectives.
4. **Urban Horticulture, Master Gardeners** – Help people grow and care for their plants using sustainable and research-based techniques for safe, healthy food and landscapes and protection of natural resources.
5. **Family and Community Health, Home Economics** – Promote healthy individuals, families and communities through educational programs and partnerships in relation to nutrition, food safety and security, home financial management, parenting, retirement planning, aging well, and emergency preparedness.

Extension works cooperatively with numerous community partners and develops networks of trained volunteers and staff of other organizations that reach into all corners of Marion County. Today, more than **600 county residents are dedicated volunteers for Extension contributing over 45,000 hours** each year as 4-H Leaders, Master Gardeners, Master Woodland Managers, Master Food Preservers, Family and Community Educators, Master Watershed Stewards and Master Naturalists. These volunteers take pride in learning, sharing their knowledge to help others, and building vibrant communities.

During 2012, **more than 50,000 Marion County residents were served** through the efforts of the Extension faculty and staff in the county. These people attended education programs, tours, demonstrations, clinics and activities. They came into the County Extension office for information, publications and advice. Others visited the Master Gardener Clinic—open daily to assist with any home gardening question. Still others visited the website for the latest information about programs and resources.

As a general rule of thumb, **every \$1 of county funds invested leverages an additional \$5 in state, federal and grant funding** for positions that serve Marion County residents. In addition, our volunteer hours equate to about 21 full-time positions. Using standard state valuations for volunteer hours, these volunteers provide over \$750,000 in **volunteer hours**, which is an **additional \$2** worth of work to every \$1 invested by the county.

March 15, 2014

Current Staff Serving Marion County

Marion County funds 3.35 total FTE positions in the Extension office in Salem and provides funds for materials and services and in-kind rent and utilities. These funds leverage state, federal and grant funded positions that serve Marion County and are housed in the Marion County Extension office and other offices located in neighboring counties (Table 3 and 4.)

Table 3. Current Extension positions serving Marion County and the associated source and funding amounts.

Marion County office	State/Federal	Grants	County
0.80 FTE 4-H, Sustainable Communities/STEM Agent			x
0.70 FTE Office Manager, Program Support			x
2.0 FTE Office Program Support			x
Materials and Services			x
Total Salary/OPE	\$0	\$0	\$348,828
1.0 Family and Community Health Agent	x		
1.0 4-H Youth Development Agent	x		
1.0 4-H Youth Latino Outreach Agent		x	
0.75 Community Horticulture Agent	x		
1.0 4-H Statewide, County Leader	x		
0.20 Regional Administrator	x		
4.2 FTE (6 part-time program assistants)		x	
Total Salary/OPE	\$400,000	\$260,000	\$0

Table 4. Current Extension positions serving Marion County and housed in Extension offices in neighboring counties, and the associated source and funding amounts.

North Willamette Research and Extension Center	State/Federal	Grants	County
2.0 Berry Crops Agent	x		
2.0 Nursery Crops Agent	x		
1.0 Vegetable Crops Agent	x		
2.0 Integrated Pest Management Agent	x		
1.0 Christmas Trees Agent	x		
1.0 Farm Business Management Res. Asst		x	
4.0 Bio-Technology, Farm Support Agents/Asst.		x	
4.0 Research Assistants		x	
Regional Faculty in other County Offices			
1.0 Forestry and Natural Resources Agent	x		
1.0 Orchard Crops Agent	x		
1.0 Livestock and Forages Agent	x		
1.0 Dairy Management Agent	x		
Total Salary/OPE	\$1,440,000	\$720,000	\$0

Note: State, Federal and County funded positions are expected to continue.

Proposed Priorities and Outcomes

Marion County's rich heritage of agricultural and natural resource-based industries continues to be the backbone of our economy and contributes to the aesthetic and recreational values that draw people to our county to live and work. The proposed Extension District will help Marion County continue to be **a leader in economic and community development** by fostering successful agriculture and forestry businesses, healthy youth and families, and sustainable communities and natural resources.

More people will be connected to and receive university resources to meet their needs as the County's population grows in the coming years. **Marion County's Community Services and Health departments will be better positioned to partner** with K-12 schools, Chemeketa Community College, Marion-Polk Food Share, cities, chambers of commerce, SEDCOR, Job Growers and other groups to address critical community needs through our innovative, research-based programs.

As Extension looks to the future, the following areas of education, outreach and research will be possible through the establishment and funding provided by an Extension District in Marion County:

1. Strengthen Agriculture and Family Forest Business Success

- a. Provide latest technological, research and management support to local farming community in sustainable production practices in nursery, berry and vegetable crops, livestock management, field crops and forage, integrated pest management, orchard crops, wine and table grapes, business management, and bioenergy production opportunities.
- b. Build capacity in Small Farms providing greater outreach to organic and niche market farm entrepreneurs—focusing on educational program delivery, skill building and working with new farmers, market development, research/on-farm trials and farm visits.
- c. Reach out further to family forest owners and Christmas tree growers in the county to bring the latest technology and information for their application, create new local product market opportunities and foster an ethic of land stewardship that leads to best management practices on the ground—focusing especially on new forest owners.
- d. Partner with community organizations and agencies in workforce development and life skills to reduce recidivism for incarcerated adults.

2. Foster Healthy Youth and Families

- a. Double the size and scope of the Marion County 4-H Youth Development program by recruiting and training more volunteer leaders, delivering train-the-trainer programs for staff and volunteers with other organizations, establishing new clubs and expanding after-school and summer programming opportunities for youth.
- b. Develop and Sustain Community Partnerships to foster healthy families – Coordinate and deliver evidence-based nutrition, foods, chronic disease prevention

and management, and family financial education programs to high-risk families with children, such as incarcerated adults and youth reentering the community. Cooperate with Marion County Health Department to reach vulnerable populations, limited income, teen parents and special needs families.

- c. Community Food Systems - Establish community-based family food resource cooperatives with agricultural businesses and key organizations, such as Marion-Polk Food Share, farmers markets, neighborhood associations, local leadership teams and community supported agriculture businesses. Connect consumers with locally available, sustainably produced food and the latest in food safety, nutrition and preservation guidelines—while linking local producers with consumers at all levels to ensure food security; Expand the Master Food Preserver volunteer program to help with these efforts.
- d. Bring Extension’s popular food and nutrition education program (SNAP Ed) to adults with young children (Pre-K) and to elementary schools throughout the county where 50% or greater of their families qualify for free or reduced lunch (50 out of 67 schools in Marion County qualify.)

3. Sustain Healthy, Productive Communities and Natural Resources

- a. Engage in community development systems approach in which Extension partners with other organizations and plays a vital role in coordinating and delivering our research-based successful programs, from nutrition education to gardening to 4-H after-school and club programs, to business development and management. Focus on communities in high need of services, such as food deserts, limited income, and underserved populations.
- b. Grow Master Gardener program in Marion County to leverage talent and time of dedicated volunteers by expanding services in local communities at garden clinics, community garden and service projects, youth/school environmental education opportunities, and other opportunities to serve vulnerable populations.
- c. Focus education and research to address key environmental issues like maintaining safe drinking water supplies in rural areas, low-impact and sustainable development in our towns and cities and invasive species management and control in our rural, suburban and urban lands.

4. Increase Access to OSU Courses and Extension Resources

- a. Oregon Open Campus - Partner with Chemeketa Community College, K-12 schools, and other educational institutions in a new OSU initiative to address Oregon’s 40-40-20 goal. This effort will increase the delivery and access to professional, non-credit and credit courses to train the workforce and help Marion County residents access more opportunities for higher education.
- b. New communication and outreach technologies to better serve residents with Extension’s vast resources through enhanced web access, remote distribution of information and availability “any time anywhere”.
- c. Return Extension office hours in Salem to 5 days per week, 9 hours/day Monday through Friday; office hours were reduced in 2009.

March 15, 2014

Proposed Staffing to Meet Outcomes

Current Marion County funded **positions** housed in the Marion County Extension office **are expected to continue** to be funded (3.35 total FTE; Table 3). Existing regional OSU Extension positions funded by state, federal and grants that serve Marion County are expected to continue (Table 3 and 4.) Materials and services budgets will be increased to fully support positions and services.

This service district will fund a **total of 10.4 FTE** consisting of the following:

3.4 FTE Farms and Forestry Businesses

1.0 FTE Community Food Systems

2.0 FTE 4-H Youth and Families

1.0 FTE Community Horticulture and Natural Resources

3.0 FTE Program Support, Marketing and Outreach, Office Management

See Appendix A for budget details.

(2) An Analysis of the relationships between services and functions and other existing or needed government services

Extension's role in the community, to provide university research-based, informal education, is unique amongst all other information providers. Even other higher education institutions serving residents of Marion County do not provide the one-on-one assistance and consultation to address an individual's problems and needs. The following comparisons between Extension education services and other organizations and institutions provide examples of these differences.

- A. The county's K-12 private and public schools educate youth. Extension's 4-H Youth programs offer an array of in-school, after-school and club-based learning opportunities that provide technical information while fostering responsibility, building leadership skills, encouraging youth citizenship and community involvement. Teachers come to Extension for technical support, science and research-based information. About 200 teachers participate in Extension subject matter trainings each year focused on science awareness and natural resource topics. Public schools are willing cooperators to have Extension's faculty available for teaching nutrition and introducing youth to healthy foods and lifestyles in the fight against childhood obesity.
- B. Chemeketa Community College provides important higher education and workforce training opportunities in formal, classroom and laboratory-style settings. Extension brings cutting-edge research and informal, non-credit education to solve local problems for farmers, private forest owners and natural resource managers, and the public. Extension's education is often delivered "in the field" where participants can access it most easily. Our practical, hands-on education provides information that can be used immediately when back home on the farm or ranch. A university

Extension faculty member is available in the community to work one-on-one with citizens, not just in the classroom, at a workshop or clinic, or on a college campus.

- C. A variety of federal, state and county programs provide technical and financial assistance to farmers, forest owners, Christmas tree growers, and the public. Most of these groups have a regulatory function, too. Extension does not. Extension works proactively to teach landowners and the public best management practices for their operations, helping them understand the “why” behind the rules and regulations, and assisting them to maintain the productivity and financial viability of their businesses—a major contributor to the Marion County economy.

Extension works cooperatively with federal, state and county agencies to provide education programming, resource materials, and technical support to agency staff. Good examples include the long-standing relationships Extension enjoys in Marion County with the Marion Soil and Water Conservation District, Oregon Department of Forestry, the Oregon Department of Fish and Wildlife, the Natural Resource and Conservation Service, the U.S. Forest Service and Bureau of Land Management.

- D. The Marion County Health Department and our local health care industry, focus on diagnosing and treating health problems. Extension programs in food and nutrition and food safety help residents avoid food-related health issues and take advantage of our abundant, locally-grown produce. Extension Family Community Health programs also connect people to the kinds of resources and assistance they need.

The Marion County Community Services Department provides oversight related to the Children and Families Commission, County Fair and County Dog Control program. The Community Services Department provides many partnership opportunities for future programs, especially with increased Extension funding. 4-H Extension is an integral part of the Fair. Extension provides 4-H Youth Development programming for K-12 age groups and leadership programs for young adults that help youth build life and work skills for success in school, their life and community. Extension Family and Community Health programs provide healthy living, food preparation, safety and nutrition, family financial management, and other life skills that are especially critical for youth, adults with young children and adults at-risk, such as re-entry programs for former inmates.

- E. Extension works collaboratively with hundreds of non-profits, community groups and schools throughout Marion County. We provide the latest up-to-date science-based information for their use. Frequently we are asked to design and deliver the educational portion of programs and events sponsored by others. Often we work with these groups to identify needs and conduct applied research to solve specific problems. Good examples include Marion-Polk Food Share, Boys and Girls Club, YMCA, Chemeketa Community College and its early college program, K-12 traditional and alternative schools and watershed councils.

(3) Proposed first year line item operating budget and a projected third year line item operating budget for the new district that demonstrates its economic feasibility

Budget Overview

Budgets for the proposed Extension District's first and third years of operation, as required, are attached as Appendix A. Note: This budget is based on levying the full \$0.05/\$1,000 rate. However, Marion County anticipates maintaining their current funding and in-kind amounts; this proposed budget is based on a worst-case scenario should these funds be reduced in the future. This budget does not include the state, federal and grant funded positions in which this district would support with materials and services (see section 1 Current Staffing.) The first year budget includes a partial staffing increase in personnel. This assumes most faculty and staff will remain at the existing Extension office in the Marion County Health and Services Building. This also assumes that some faculty and/or support staff will be housed with agency partners in rural parts of the county (satellite offices) to better serve high-need communities. The City of Woodburn and Santiam Canyon are priority locations.

First year personnel budget figures were based upon anticipated salaries for Extension agent positions, contract rates for classified staff (education program assistants and office program support staff) and current benefit rates—all adjusted for cost of living and length of service, where appropriate. The associated services and supplies budget was based on historical expense levels of the Marion County Extension office, adjusted for inflation. The third year projected budget assumes three percent per year increases in personnel costs and three percent annual increases in services and supplies costs. Further expansion of programs to citizens in the county will depend on additional office space.

For the past 25 years or more, Extension's office space has been provided in a county-owned building, as an "in-kind" contribution from Marion County. This budget assumes a worst-case scenario in which Extension will need to pay rent for the current office and additional office and meeting room space at other locations because the existing space is not adequate for growth. The district will consider a long-term solution for office lease space after three years for a "full staffing and program" scenario that may include consolidating all staff in a new location.

Budgets will be created to focus programs and services in the community based on citizen needs identified through Extension's Advisory Committees and Councils. Local input will be solicited prior to making significant program and staffing decisions.

As reflected in these budgets, a full property tax assessment of \$0.05 per \$1,000 assessed value is adequate to meet current and future program delivery needs. In addition, Extension will continue to access grant and contract funding to support local programs and initiatives that compliment and enhance county funded efforts. Extension will continue to

March 15, 2014

work with the community to build our existing Extension Foundation programs that will potentially provide additional financial resources for program development into the future.

Projected Property Tax Revenue

The proposed \$0.05 per \$1,000 permanent property tax rate on the county's assessed value would potentially generate \$1,006,473, based on FY2013-2014 figures provided by the Marion County Assessor's office. The Assessor's office suggests increasing these projected property tax revenues between 2-3% per year to reflect increased assessed values on existing homes, plus, valuation adding to the county's tax roles from new construction. A 2% budget increase has been selected for the first year and third year projections provided in Appendix B.

Compression currently exists in the cities of Salem, Woodburn and Gervais and Marion County district. If the full \$0.05/\$1,000 rate was levied, the Marion County Assessor's office estimates annual budget losses to the district due to compression to be \$24,654, based upon projected revenue forecasts.

Finally, the first year tax revenues provided from a voter-approved district are assumed to have a 93% collection rate. As late or delinquent taxes are paid in subsequent years, the total amount collected is forecast to be approximately 98%. The year three budget assumes a total collection of 96%.

Summary

The budgets for Year 1 and Year 3 (Appendix A) demonstrate the economic feasibility of the proposed Extension District and its funding with a levy rate of \$0.05/\$1,000 of assessed valuation without the continuation of Marion County General and in-kind funds. According to budget forecasts all proposed programmatic expenses and encumbrances will be covered with projected tax revenues. In addition, during the first three years of this budget cycle, a \$100,000 contingency fund will be established.

More importantly, a stable and long-term source of funding will be provided to support Extension education, outreach and research programs for the citizens of the county. At full capacity, Extension services will be accessed by more than 100,000 residents every year across Marion County including youth and teachers, farmers and forest owners, homeowners and gardeners, agencies and businesses—plus many others from all walks of life.

March 15, 2014

Appendix A: Proposed Budgets – first and third years

Marion County Extension and 4-H Service District

Projected Line Items	1st Year Budget FY2015-2016	3rd Year Budget FY2017-2018
Projected Revenue Resources		
Amount Taxes Imposed for District	\$1,006,473	\$1,066,861
Compression Reduction	-\$24,654	-\$24,654
Taxes Collected (Yr 1 @ 93%; Yr 3 @ 96%)	\$913,092	\$969,253
Carryover	\$0	\$48,183
Total	\$913,092	\$1,017,436
Projected Expenses		
Salaries and Benefits		
2.7 FTE Farms and Forestry Businesses		
1.0 FTE Community Food Systems		
2.0 FTE 4-H Youth and Families		
1.0 FTE Community Horticulture and Natural Resources		
2.7 FTE Office Manager, Program Support		
Salaries and Other Payroll Expenses Added Year 3		
0.70 FTE Farms and Forestry Businesses		
0.30 FTE Marketing, Outreach		
10.4 Total FTE	\$640,000	\$744,200
Materials and Services (including 4-H Fair costs)	\$90,000	\$90,000
Program Support for Ag Faculty at NWREC	\$50,000	\$50,000
Rent - Housing/Office Space	\$70,000	\$80,000
Annual Audit	\$3,000	\$3,500
District Insurance	\$3,000	\$3,500
Total Personnel, Supplies and Services	\$856,000	\$971,200
Contingency: \$33,000 per year: Years 1, 2 and 3 only	\$33,000	\$33,000
Total Projected Budget Requirements	\$889,000	\$1,004,200
Budget Carryover @\$0.05/\$1,000 Assessed Value	\$24,092	\$13,236